

TRANSFER OF NUCLEAR TECHNOLOGY TO THIRD COUNTRIES

Mr. THOMAS. Mr. President, I rise today as the Chairman of the Subcommittee on East Asian and Pacific Affairs to express my grave concern at recent reports regarding the sale or transfer by the People's Republic of China of nuclear technology to third countries.

It has been widely reported in the domestic press that the U.S. intelligence agencies have thoroughly credible evidence that these sales have occurred; I have seen some of this evidence myself, as have many of my colleagues, and find it to be overwhelming.

In the past, we have seen evidence of missile sales to Pakistan, and the transfer of certain nuclear technology to Iran, in violation of United States law and international nuclear agreements. The most recent reports involved the sale of over 5,000 ring magnets to Pakistan. These magnets are component parts of centrifuges used to enrich uranium to make it weapons-grade. The magnets are made of a highly advanced alloy, and according to experts will significantly enhance Pakistan's nuclear program by allowing its laboratory at Kahuta to upgrade its centrifuges at the rate of between 1,000 and 2,000 per year.

The People's Republic of China has not denied that the sale took place. Somewhat inconsistently, Pakistan categorically denies these reports. Mr. President, Karachi's denials ring completely hollow. How many times did the Pakistani Government deny that it was pursuing the development of nuclear weapons, only to have the United States produce irrefutable evidence to the contrary? How many times did they assure us that they had no such intentions, only to be caught sneaking behind our backs doing the precise things they denied? Mr. President, one hates to use the word "lie," but as the saying goes—if the shoe fits.

Almost more troubling than the sales themselves, Mr. President, is what is shaping up to be the Clinton administration's completely inadequate response to the sales. Under U.S. law, we are required to impose a variety of sanctions on any nation selling nuclear weapons technology in violation of nonproliferation commitments. Only if the President states that requirement because of the national interest are the sanctions waived.

Here, we have solid evidence that the People's Republic of China has violated its agreements in this regard. The failure to impose the sanctions required by our laws, I believe, is a mistake of the greatest magnitude. I can think of no worse signal to send the Chinese Government than for us to draw a line in the sand, have them cross it, and for us to shrug it off and say "now don't do that again." The Chinese are quick to pick up on occasions when we fail to stick to our guns, and only see it as encouragement. This is why I have been so supportive of U.S. Trade Representa-

tive Mickey Kantor. He has told the Chinese in the trade arena that if they do not abide by their agreements, there will be a price to pay. And, when necessary, he has moved steadfastly to impose that price in the form of sanctions. The Chinese, recognizing the strength of such a position, have subsequently backed down and honored their agreements.

For us to back down from our principles in this matter is to completely call into question our determination in a host of other areas, the security of Taiwan comes immediately to mind, and as Senator SPECTER has noted "make[s] our national policy a laughing stock and encourage[s] a proliferation of nuclear weapons." Yet the Clinton administration is showing every sign of being willing to shrug off the People's Republic of China actions, rap them on the nose, and ask them to please not do it again.

During the 1992 presidential campaign, candidate Clinton took President Bush to task for "coddling dictators"—especially the Chinese. Well Mr. President, like he has on so many other issues that were central to his campaign President Clinton has flip-flopped on this one, saying one thing but doing some thing completely different. I ask my colleagues, who is doing the coddling now? The White House appears close to waiving sanctions because it is worried about offending China and because it is kowtowing to United States business interests in an election year afraid of the effects on their bottom-line that sanctions might have.

Can you imagine that, Mr. President? As the Washington Post pointed out this morning, "The Chinese are the accused violators, and the Americans—as the complaining and injured party—are backing off." This administration is backing off in the shortsighted hope that Beijing has learned its lesson and won't do it again. It's like telling a child not to take a cookie, watching him take it, but not telling him he's a bad boy in the hopes that maybe he won't want to take another cookie. And this is not the only area in which the Clinton administration is coddling Beijing. USTR Kantor, who has on several occasions urged the White House to impose sanctions on the PRC because it is still in violation of several of the key provisions of the Sino-American intellectual property rights agreement, has been prevented by this administration from setting a deadline for Chinese compliance for fear of upsetting the violators of that agreement.

Mr. President, I join my colleagues in both Houses in calling for the imposition of the sanctions required by U.S. law in this case. We need to say what we mean, and then do what we say. Any failure or hesitation to do so can only be interpreted in Beijing as a sign of weakness, and sets a very dangerous precedent that we will regret down the road.

Mr. GLENN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LEAHY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Mr. LEAHY pertaining to the introduction of S. 1567 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

THE TAX LIMITATION AMENDMENT

Mr. KYL. Mr. President, I wanted to speak briefly this morning on two subjects. The first concerns an announcement that the Senator from Minnesota, who is presiding as of this moment, and I and Senator BOB SMITH made yesterday relating to a constitutional amendment proposal which we are soon going to be introducing in the Senate, which has already been introduced in the House with about 150 cosponsors, which we hope will be quickly adopted by both the House and Senate and sent to the States for ratification, in reference to a constitutional amendment to require a supermajority of two-thirds voting to approve any tax increase at the Federal Government level.

We want to do this because of the possibility, and I hope the probability, that some form of simple, single-rate tax reform could be adopted sometime after next January. Some proponents call it a flat tax. But a tax proposal of the kind that I support would include exemptions and certain deductions, so it cannot be properly characterized as a pure flat tax, but a simpler tax rate system with a limited number of deductions and exemptions is the kind of tax reform that most Americans seem very supportive of at this time, and which I hope the Congress will adopt.

If that occurs, it will be doubly important for us to ensure that tax rates cannot easily be increased. Because without the deductions, credits, and exemptions that taxpayers can take advantage of today to shelter their income, if tax rates are increased, once those exemptions and deductions and credits have been eliminated from the Tax Code, which is what we propose to do, there will be nowhere to go if Congress then begins to raise the single tax rate. That is why we think we need a constitutional requirement of a two-thirds support for such a tax increase in order to protect the taxpayers of America.

Let me quote from the Kemp report. The Kemp Commission was a commission appointed by Senate Majority Leader ROBERT DOLE and House Speaker NEWT GINGRICH to look into the question of fundamental tax reform and to make recommendations. It was chaired by former HUD Secretary Jack

Kemp. Here is what the Kemp report says with regard to this proposal.

The roller-coaster ride of tax policy in the past few decades has fed citizens' cynicism about the possibility of real, long-term reform, while fueling frustration with Washington. The initial optimism inspired by the low rates of the 1986 Tax Reform Act soured into disillusionment and anger when taxes subsequently were hiked two times in less than seven years. The commission concludes that a two-thirds super-majority vote of Congress will earn Americans' confidence in the longevity, predictability, and stability of any new tax system.

That is what we hope to achieve by a simpler, fairer, single-rate tax system: stability, predictability and longevity. But if Congress can quickly raise the rate after we have put such a system into effect, then that stability and longevity and predictability will have been eroded. That is why we think it is important to make it a little bit more difficult for Congress to raise taxes by requiring a two-thirds vote.

Let me note a couple of things about some history here. Since the last attempt at comprehensive reform in 1986, when the number of tax brackets were reduced from 14 down to 2, there have been 4,000 amendments to the Tax Code in less than 10 years. The number of tax rates, of course, is back up to five. But 4,000 amendments? It is too easy to change the Tax Code. Many of those amendments, of course, resulted in taxpayers paying more money. Not only have the rules changed in the middle of the game for many taxpayers, but for many it was after the game was over. The 1993 Clinton tax increase retroactively raised taxes, even on the dead.

The frequency of changes not only makes people more vulnerable to tax increases but also makes it virtually impossible to make financial plans for the future, whether to save for a child's education or invest in your business or set money aside in a pension fund—or hold it to pay taxes. If you have to have that possibility, then you cannot predict with certainty that you can invest in these more important things. So the tax limitation amendment puts an end to that volatility by requiring there be sufficient consensus and partisan support around the country before taxes will be raised again.

One final point. To the extent we are interested in reducing the power of the special interests, of the lobbyists who come to change the Tax Code to get special benefits for their particular interest, to reduce their tax burden, to create a loophole, as it were—this two-thirds majority requirement would really put an end to that kind of practice because, if we assume that we want to continue to collect a roughly equal amount of revenue and that therefore any proposal would have to be revenue neutral, any proposal to create a loophole for a special interest and therefore result in less money to the Treasury would necessarily require that tax revenues be raised in some other area. But to do that would require a two-thirds vote. So I think

Members of the House and Senate would look much more skeptically at proposals to reduce taxes for certain taxpayers if we knew that, in order to make up that revenue, we would have to have a two-thirds vote. Therefore, I think the influence of special interests would be very much reduced.

The tax limitation amendment represents an important reform whether we stay with the existing Tax Code or we go to a new system. But it will be particularly important if the American people conclude that a single-rate kind of reform is the one that we should adopt, because, again, once all of the deductions and exemptions and credits are eliminated, taxpayers will be particularly vulnerable to tax rate increases. I think we should ensure it is not too easy for Congress to raise their taxes again.

Again, I compliment Senator BOB SMITH from New Hampshire and the Senator from Minnesota, who is presiding at the moment, for their support as original cosponsors of this important constitutional amendment.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. KYL). Without objection, it is so ordered.

THE SENATE SCHEDULE

Mr. LOTT. Mr. President, I would like to clarify the record somewhat and respond to some of the comments that have been made today and earlier this week by the distinguished Senator from Ohio, Senator GLENN, about our schedule.

First, I think it should be noted that the first month of the calendar year 1996 has been a very productive month legislatively for the Senate. We have had some extraordinary activity. We may not have been in session as many days as has been the case in some years gone by, but in terms of actual production, we have produced some of the biggest, most important pieces of legislation in history during the last month. I would like to just read off the list. Certainly not all Senators agreed with how these pieces of legislation were dealt with, but they were very important pieces of legislation and in most cases passed overwhelmingly.

For instance, we have already passed S. 1260, which is a fair housing bill, out of the Banking Committee. A lot of work went into it. It did pass by unanimous consent, but that was because it was an important bill with broad, bipartisan support.

We passed, in January, the Defense authorization conference report for this fiscal year. That was brought about by the fact that the President

had vetoed the first Defense authorization bill. Some modifications were made. I did not agree with all of them. I know the Senator in the chair did not agree with all of them. But we did come to an agreement on a second conference report, and it passed overwhelmingly and has gone to the President for his signature.

The START II Treaty was passed after discussion by the Senate. We passed a continuing resolution that kept the Government operating while the President and the Congress can continue to work on trying to come to some agreement on appropriations bills that have not yet been passed. We took action on legislation raising the debt limit so that there would be no question that Social Security checks would go out to our senior citizens the 1st of March. We passed the Telecommunications Act of 1996, probably the biggest jobs creation bill that has passed this decade, legislation that took months—in fact years—to come to fruition. There have been 10 years of effort to get telecommunications reform legislation passed by the Congress. We had not changed the telecommunications laws substantially since 1934. So we deregulated, we opened up all of the various areas of telecommunications for competition. It will mean lower prices, and more services and information for people. There is going to be a tremendous revolution because the Government is taking down the barriers it put up. This is a new era of competition, a new time of choice of services and products for people. The bill passed 91 to 5. Forty-eight hours before it passed most people would have bet you that we would not get it passed at all. Well, it was signed into law just yesterday by the President of the United States.

Through tremendous efforts by the distinguished majority leader, Senator DOLE, we were able to come to an agreement this week on a farm bill, a farm bill that passed the Senate with 64 votes; a bipartisan vote. I think we had 49 Members of the majority and 15 or so Members of the minority that voted for this bill, a bill that had been tangled up for months. It was included in the budget reconciliation package that the President vetoed. So we had to take action on a farm bill before our farmers actually went into the fields to start plantings.

In the South, in my State of Mississippi the farmers are getting close—within the next 2 weeks—to start to plant. And they had no idea what they could expect for the farm legislation and what they could expect for this year.

So we got that bill through the Senate. So there has been a lot of action by the Senate this year. And to answer those who come to the floor and say, "What is the Congress doing?"—I have just given a very impressive list. I would put that list up against any list from just about any January over the past 20 years in which I have been in the Congress.